



Department of State TELEGRAM

CONFIDENTIAL 952

PAGE 01 TRIPOL 00114 3014527

45
ACTION AF-18

INFO OCT-01 NEA-10 ADP-00 EB-11 COME-00 INT-08 OEP-01
EUR-20 TRSE-00 OPIC-12 AID-20 IGA-02 OMB-01 CIAE-00
DDOE-00 PM-08 H-02 INR-09 L-03 NSC-10 P-03 RSC-01
PRS-01 SS-14 USIA-12 NSA-02 RSR-01 CIEP-02 /172 W.
076230

R 301424Z JAN 73
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 9626
INFO AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY ROME
AMEMBASSY TEHRAN

C O N F I D E N T I A L TRIPOLI 0114
DEPT PASS CAIRO

SUBJ: MINISTRY OF PETROLEUM MEMORANDUM COVERING
ENI/NOC PARTICIPATION AGREEMENT

REF: TRIPOLI 0108 - 100 - 2 - 2

1. [REDACTED] PROVIDED US WITH TRANSLATION
OF TEXT OF MINISTRY OF PETROLEUM MEMORANDUM APPENDED
TO LAW NO. 131 APPROVING PARTICIPATION AGREEMENT
BETWEEN NATIONAL OIL CORPORATION (NOC) AND AGIP (ENI)
WHICH APPEARED IN OFFICIAL GAZETTE NO. 57. WE UNDER-
STAND ALL COPIES OF THIS EDITION OF GAZETTE WERE
SUBSEQUENTLY WITHDRAWN, POSSIBLY INDICATING INCLUSION
OF MINISTRY'S MEMORANDUM WAS ERROR BECAUSE IT SAYS TOO
MUCH ABOUT INTERNAL WORKINGS OF ENI/NOC AGREEMENT.

2. WE ARE POUCHING FULL TEXT OF LAW AND APPENDED
MEMORANDUM. SOME PROVISIONS OF MEMORANDUM ARE DIFFICULT
TO SUMMARIZE AND OTHERS APPLY ONLY TO ENI. FOLLOWING

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DEPARTMENT OF STATE L/CDC/KR

REVIEWED BY y DATE 12/20/82

RDS for [REDACTED] DATE
TO AUNT.

EMPORE [REDACTED] ✓

DEPT. [REDACTED]

RELEASE FOR [REDACTED] IN PROG

PA or FOI EXEMPT [REDACTED] B1, A9

1-30-73
Tripoli
11/1

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Department of State

TELEGRAM

CONFIDENTIAL

PAGE 02 TRIPOL 00114 301452Z

ARE SOME OF HIGHLIGHTS OF MEMORANDUM WHICH REAP ON
CURRENT PARTICIPATION NEGOTIATIONS WITH U.S. COMPANIES:

A) LARG SEEKS "EFFECTIVE AND POSITIVE PARTICIPATION
AND NOT A NOMINAL PARTICIPATION." THIS IS RECURRING THEME
IN LARG'S STATEMENTS ON PARTICIPATION AND SEEMS NOW TO
MEAN LARG REQUIRES 30 PERCENT PARTICIPATION AND HEAVY
INVOLVEMENT IN MANAGEMENT DECISIONS TO ACHIEVE "EFFECTIVE-
NESS";

B) BOTH NOC AND "FOREIGN PARTNER" UNDERTAKE TO PAY
THEIR SHARES IN ROYALTY, INCOME TAX, SURTAX, AND OTHER
SUPPLEMENTAL TAXES. THIS PROVISION DOES NOT MAKE CLEAR
WHAT THAT SHARE IS, NOR ARE "SUPPLEMENTAL TAXES" SPELLED
OUT;

C) ENI'S MARKETING OBLIGATION EXTENDS TO 1977 ONLY.
THEREAFTER ITALIAN PARTNER MERELY UNDERTAKES "TO MAKE
BEST EFFORTS TO ASSIST THE CORPORATION (I.E. NOC) IN
MARKETING";

D) THE MARKETING PRICE FOR 1972 AND 1973 IS AGREED
UPON AS \$2.80 PER BARREL;

E) COMPENSATION PROVIDED FOR CONCESSION 82 (WHICH IS
NON-PRODUCER, AND FOR WHICH ITALIANS HAVE RUN UP HIGH
EXPLORATION COSTS), IN ADDITION TO COMPENSATION FOR
PRODUCING CONCESSION 100.

F) DISPUTES UNDER PARTICIPATION AGREEMENT WILL BE
REFERRED TO ARBITRATION CONDUCTED IN ACCORDANCE WITH THE
RULES OF THE INTERNATIONAL CHAMBER OF COMMERCE IN PARIS.
GDS.
JOSIF

NOTE BY OC/T: NOT PASSED CAIRO.

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